

FORM 10-Q - QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
(Mark One)

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☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the period ended May 31, 1992

or

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission File Number: 0-2384

INTERNATIONAL SPEEDWAY CORPORATION

(Exact name of registrant as specified in its charter)

FLORIDA

59-0709342

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

1801 VOLUSIA AVENUE, DAYTONA BEACH, FL 32114-1243

(Address of principal executive offices) (Zip Code)

904 - 254-2700

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15 (d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes ☐ No ☐

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

At July 6, 1992, 2,287,525 shares of common stock,
\$.10 par value per share were outstanding.

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Part I. Financial Information

Item 1. Financial Statements

International Speedway Corporation

Condensed Consolidated Balance Sheets

	May 31, 1992 (Unaudited)	August 31, 1991
	(In Thousands)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,646	\$ 3,680
Short-term investments	22,697	16,217
Receivables, less allowances of \$28 (\$55 at August 31)	1,982	1,312
Inventories	521	304
Prepaid expenses and other current assets	615	1,324
Total current assets	29,461	22,837
 Property and equipment - at cost - less accumulated depreciation of \$20,926 (\$19,009 at August 31)	 35,288	 31,726
 Other assets:		
Cash surrender value of life insurance (Note 6)	1,371	1,294
Long-term investments	1,605	2,158
Other	288	302
	<u>3,264</u>	<u>3,754</u>
 Total assets	 <u>\$ 68,013</u>	 <u>\$ 58,317</u>

	May 31, 1992 (Unaudited)	August 31, 1991
	(In Thousands)	
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	\$ 863	\$ 750
Deferred income	14,561	11,330
Current portion of long-term debt	1,600	1,600
Income taxes payable	861	481
Other current liabilities	<u>1,415</u>	<u>911</u>
Total current liabilities	19,300	15,072
Long-term debt, less current portion (Note 5)	2,300	5,100
Deferred income taxes	5,632	5,092
Shareholders' equity:		
Common stock, \$.10 par value:		
Authorized shares - 5,000,000		
Issued - 3,497,045	350	350
Capital in excess of par value	1,104	1,104
Retained earnings	<u>44,926</u>	<u>37,198</u>
Less treasury stock - at cost, 1,209,520 shares	<u>46,380</u>	<u>38,652</u>
Total shareholders' equity	<u>5,599</u>	<u>5,599</u>
	<u>40,781</u>	<u>33,053</u>
Total liabilities and shareholders' equity	<u>\$ 68,013</u>	<u>\$ 58,317</u>

See accompanying notes and accountants' review report.

International Speedway Corporation
Condensed Consolidated Statements of Income

	For the Three Months Ended		For the Nine Months Ended	
	May 31, 1992	May 31, 1991	May 31, 1992	May 31, 1991
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(In Thousands, Except for Per Share Amounts)				
Revenues:				
Admissions, net	\$ 6,650	\$ 6,108	\$ 22,108	\$ 20,060
Other related income	5,495	4,287	16,878	15,263
Interest income	234	305	651	912
Total revenues	<u>12,379</u>	<u>10,700</u>	<u>39,637</u>	<u>36,235</u>
Expenses:				
Direct race expenses:				
Prize and point fund monies and NASCAR sanction fees	1,533	1,368	5,587	5,243
Other direct race expenses	<u>2,533</u>	<u>2,664</u>	<u>5,668</u>	<u>5,811</u>
	4,066	4,032	11,255	11,054
Promotion, general and administrative expenses	2,695	2,468	7,738	7,052
Other related expenses	1,929	1,359	4,321	3,438
Depreciation	687	586	1,923	1,687
Interest expense	<u>80</u>	<u>165</u>	<u>313</u>	<u>298</u>
Total expenses	<u>9,457</u>	<u>8,610</u>	<u>25,550</u>	<u>23,529</u>
Income before income taxes	2,922	2,090	14,087	12,706
Income tax expense	<u>1,163</u>	<u>913</u>	<u>5,444</u>	<u>4,899</u>
Net income	<u>\$ 1,759</u>	<u>\$ 1,177</u>	<u>\$ 8,643</u>	<u>\$ 7,807</u>
Earnings per Share (Note 2)	<u>\$.77</u>	<u>\$.51</u>	<u>\$ 3.78</u>	<u>\$ 3.14</u>
Dividends per Share	<u>\$.40</u>	<u>\$.30</u>	<u>\$.40</u>	<u>\$.30</u>

See accompanying notes and accountants' review report.

International Speedway Corporation
Condensed Consolidated Statements of Shareholders' Equity

	Common Stock	Capital in Excess of Par Value	Retained Earnings	Treasury Stock	Total
	(In Thousands)				
Balance at August 31, 1990	\$ 394	\$ 1,243	\$ 44,423	\$ (5,599)	\$ 40,461
Activity 9/1/90-5/31/91:					
Net income - Unaudited	-	-	7,807	-	7,807
Cash dividends	-	-	(686)	-	(686)
Acquisition of previously issued stock - Unaudited	(44)	(139)	(16,826)	-	(17,009)
Balance at May 31, 1991 - Unaudited	350	1,104	34,718	(5,599)	30,573
Activity 6/1/91-8/31/91:					
Net income - Unaudited	-	-	2,480	-	2,480
Balance at August 31, 1991	350	1,104	37,198	(5,599)	33,053
Activity 9/1/91-5/31/92:					
Net income - Unaudited	-	-	8,643	-	8,643
Dividends declared	-	-	(915)	-	(915)
Balance at May 31, 1992 - Unaudited	\$ 350	\$ 1,104	\$ 44,926	\$ (5,599)	\$ 40,781

See accompanying notes and accountants' review report.

International Speedway Corporation
Condensed Consolidated Statements of Cash Flows

	Nine months ended	
	May 31, 1992	May 31, 1991
	(Unaudited)	(Unaudited)
	(In Thousands)	
Operating activities		
Net income	\$ 8,643	\$ 7,807
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,923	1,687
Undistributed loss of affiliate	553	400
Gain on disposition of property and equipment	-	(500)
Changes in operating assets and liabilities:		
Receivables	(670)	(393)
Inventories	(217)	37
Prepaid expenses and other current assets	709	1,006
Cash surrender value of life insurance	(77)	(110)
Other assets	8	86
Accounts payable	113	(553)
Deferred income	3,231	2,242
Income taxes payable	380	980
Deferred income taxes	540	490
Other current liabilities	(411)	(67)
Net cash provided by operating activities	<u>14,725</u>	<u>13,112</u>
Investing activities		
Acquisition of investments	(54,128)	(38,571)
Proceeds from sales and maturities of investments	47,648	37,126
Capital expenditures	(5,481)	(3,789)
Proceeds from sale of assets	2	592
Net cash used in investing activities	<u>(11,959)</u>	<u>(4,642)</u>
Financing activities		
Payments of long-term debt	(2,800)	(1,300)
Cash paid for acquisition of previously issued common stock	-	(9,009)
Cash dividends paid	-	(686)
Net cash used in financing activities	<u>(2,800)</u>	<u>(10,995)</u>
Net decrease in cash and cash equivalents	(34)	(2,525)
Cash and cash equivalents at beginning of period	3,680	4,419
Cash and cash equivalents at end of period	<u>\$ 3,646</u>	<u>\$ 1,894</u>

See accompanying notes and accountants' review report.

International Speedway Corporation
Notes to Condensed Consolidated Financial Statements

May 31, 1992 and August 31, 1991

(Unaudited - See Accountants' Review Report)

1. Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared in compliance with Rule 10-01 of Regulation S-X and generally accepted accounting principles but do not include all of the information and footnotes required for complete financial statements. The statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's latest annual report on Form 10-K. The statements have been reviewed by the Company's independent accountants. In management's opinion, the statements include all adjustments which are necessary for a fair presentation of the results for the interim periods. All such adjustments are of a normal recurring nature. Certain reclassifications have been made to conform to the financial presentation adopted at May 31, 1992.

Because of the seasonal concentration of racing events, the results of operations for the three-month and nine-month periods ended May 31, 1992 and 1991 are not indicative of the results to be expected for the year.

2. Earnings Per Share

Earnings per share have been computed on the weighted average total number of common shares outstanding during the respective periods. Weighted average shares outstanding for the three-month and nine-month periods ended May 31, 1992 were 2,287,525. Weighted average shares outstanding for the three-month and nine-month periods ended May 31, 1991 were 2,287,525 and 2,479,821, respectively.

3. Related Party Disclosures and Transactions

All of the racing events that take place during the Company's fiscal year are sanctioned by various racing organizations such as the Sports Car Club of America (SCCA), Automobile Racing Club of America (ARCA), American Motorcycle Association (AMA), International Motor Sports Association (IMSA), World Karting Association (WKA), Fédération Internationale de l'Automobile (FIA), Fédération Internationale Motorcycliste (FIM), and the National Association for Stock Car Auto Racing, Inc. (NASCAR). NASCAR, which sanctions some of the Company's principal racing events, is a member of the France Family Group which controls in excess of 60% of the outstanding stock of the Company and some of whom serve as directors and officers. Standard NASCAR sanction agreements require racetrack operators to pay sanction fees and prize and point fund monies for each sanctioned event conducted. The prize and point fund monies are distributed by NASCAR to participants in the events. Prize and point fund monies paid to NASCAR for disbursement to competitors totaled \$4,807,877 and \$1,341,476 for the nine-month and three-month periods ended May 31, 1992 and \$4,489,469 and \$1,178,927 for the nine-month and three-month periods ended May 31, 1991, respectively.

International Speedway Corporation

Notes to Condensed Consolidated Financial Statements

(Unaudited - See Accountants' Review Report)

4. Supplemental Disclosures of Cash Flow Information

Cash paid for income taxes and interest for the nine months ended May 31, 1992 and 1991 are as follows:

	(Thousands of Dollars)	
	1992	1991
Income taxes paid	\$ 4,524	\$ 3,208
Interest paid	\$ 546	\$ 164

Noncash activities for the nine months ended May 31, 1992 and 1991:

The Company accrued \$915,010 as of May 31, 1992 for dividends declared but unpaid as of that date.

A long-term debt obligation of \$8,000,000 was incurred in December 1990 to partially finance the acquisition of 371,667 shares of the Company's common stock for a total price of \$14,123,346, as more fully described in Note 5.

5. Long-Term Debt

On December 26, 1990, the Company reacquired 371,667 shares of its common stock for the sum of \$14,123,346. The payment of the purchase price was made \$6,123,346 in cash and \$8,000,000 by a promissory note payable over 5 years with interest on the unpaid balance at the annual rate of 9.5%. The note requires semiannual principal payments of \$800,000 plus accrued interest (due March 15 and September 15). The Company may elect to accelerate the payment of principal without penalty. The note is secured by a pledge of 371,667 shares of common stock held as treasury stock prior to the transaction. The Company reached an agreement with no additional monetary consideration that reduced the interest rate to 7.75% effective November 1, 1991. The Company paid the third installment, including accrued interest, plus an additional principal payment of \$700,000 on March 13, 1992.

6. Subsequent Event

The Company's founder and retired Chairman of the Board, William H.G. France, passed away on June 7, 1992. Subsequently, the Company received life insurance proceeds totaling approximately \$1,026,000. The cash surrender value of this policy recognized under other assets at May 31, 1992 was approximately \$1 million.

Report of Independent Certified Public Accountants

The Board of Directors
International Speedway Corporation

We have made a review of the unaudited condensed consolidated balance sheet of International Speedway Corporation as of May 31, 1992, and the related condensed consolidated statements of income for the three-month and nine-month periods, and shareholders' equity and cash flows for the nine-month periods ended May 31, 1992 and 1991, in accordance with standards established by the American Institute of Certified Public Accountants.

A review of interim financial information consists principally of obtaining an understanding of the system for the preparation of interim financial information, applying analytical review procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet at August 31, 1991, and the related consolidated statements of income, shareholders' equity and cash flows for the year then ended (not presented separately herein) and in our report dated October 21, 1991, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet at August 31, 1991, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

Ernst & Young

July 6, 1992

PART I. FINANCIAL INFORMATION

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FINANCIAL CONDITION

LIQUIDITY

Management believes liquidity is necessary due to the inherent insurance and weather risks associated with production of large outdoor sporting and entertainment events. The trend during the past several years has been for the Company to have increasing liquidity. This trend has been due to a general increase in interest in motor sports, reflected in increased live and broadcast audiences, and generally favorable weather conditions for the events conducted at the Company's facilities.

The Company's position in cash and cash equivalents and short-term investments at May 31, 1992 increased from August 31, 1991 primarily as a result of increased cash flows from operations resulting from a concentration of major events in the second and third quarters of its fiscal year, offset in part by the use of cash for the September and March installment payments on the note payable (more fully described below) and payments made for capital improvements.

The Company's working capital at May 31, 1992 also increased from August 31, 1991 due primarily to increases in cash and cash equivalents and short-term investments described above, as well as an increase in accounts receivable resulting from the seasonal fluctuations in the Company's business and an increase in inventories resulting from the opening of a retail gift shop in Daytona. These working capital increases were offset in part by the use of cash to pay the additional principal installments on the note payable and to finance capital improvements, an increase in deferred income resulting from advance ticket sales, an increase in income taxes payable as a result of increased income from operations, and an increase in other current liabilities which is due to dividends declared but unpaid as of May 31, 1992 and is offset by reductions in accrued interest related to the note payable and accrued payroll. The reduction in prepaid expenses due to the recognition of expenses related to the September 1991 Darlington event also partially offset the increase in working capital.

On December 26, 1990, the Company paid approximately \$6.1 million in cash and signed a five year, 9.5% promissory note in the amount of \$8 million for the purchase of 371,667 shares of its previously issued common stock. The note requires semiannual principal payments (March 15 and September 15) of \$800,000 plus accrued interest. The Company may elect to accelerate the payment of principal without penalty. The note is secured by a pledge of 371,667 shares of common stock held as treasury stock prior to this transaction. The Company reached an agreement with no additional monetary consideration that reduced the interest rate to 7.75% effective November 1, 1991. The Company paid the third installment plus an additional principal payment of \$700,000 on March 13, 1992. The minimum required working capital to service this obligation for the next twelve months, through May 1993, is approximately \$1.9 million.

The Company intends to continue to maintain the policy of investing excess cash in short-term certificates of deposit, repurchase agreements and other short-term investments. This provides the Company with a readily accessible source of cash to cover the expenses arising from a delay, postponement or cancellation of an event due to poor weather conditions or other contingencies.

The Company's founder and retired Chairman of the Board, William H.G. France, passed away on June 7, 1992. Subsequently, the Company received life insurance proceeds totaling approximately \$1,026,000. As a result, the cash surrender value of life insurance recognized under other assets as of May 31, 1992 will decrease in future periods by approximately \$1 million.

Management believes that the Company has the ability to generate adequate amounts of cash to meet the Company's operational and debt service needs on both a long- and short-term basis.

CAPITAL RESOURCES

The Company continues to invest capital in the improvement and expansion of its aging facilities. The Company's Board of Directors has approved projects with an estimated cost to complete of approximately \$8.6 million. These projects consist primarily of additions and renovations to spectator capacity, spectator restrooms, paving, fencing, equipment and other spectator facilities. Management anticipates the completion of these projects within the next 24 months based on the availability of working capital resources.

These additions to assets and capital transactions have been financed primarily from funds provided by operations. Based on the Company's current liquidity, cash and investment positions, as well as the Company's unused lines of credit of approximately \$14 million, management believes that its present capital resources are sufficient to meet anticipated financing requirements for the next twelve months.

Long-term investments decreased from August 31, 1991 as a result of the recognition of the Company's 50% share of the current loss from operations at Watkins Glen International. The Company uses the equity method to account for the investment in Watkins Glen. Due to the seasonal concentration of Watkins Glen's events during the summer months, the results at May 31, 1992 are not indicative of the results to be expected for the year.

INCOME TAXES

Income taxes payable at May 31, 1992 have increased since August 31, 1991 due to the seasonal nature of the Company's business and the timing of estimated tax deposits.

The deferred income tax liability increased from August 31, 1991 primarily as a result of differences between financial and tax accounting treatments relating to depreciation expense.

All income tax amounts and balances have been computed in accordance with APB Opinion No. 11, "Accounting for Income Taxes." In February 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." The Company will be required to comply with the new rules by fiscal year 1994. Under this standard, a liability approach to deferred tax accounting will be adopted. Entities such as the Company that have large net deferred tax credits under their present accounting method are generally expected to see those amounts reduced because of the decrease in federal statutory tax rates. The Company has not completed all of the complex analyses required to estimate the impact of the new statement, and it has not decided whether it will implement the statement early or restate any periods. However, the adoption of Statement 109 is not expected to have an adverse impact on the Company's financial position.

INFLATION

Management does not believe that inflation has had a material impact on operating costs and earnings of the Company. The Company has demonstrated the ability to appropriately adjust admission prices in reaction to changing costs and has aggressively pursued an ongoing cost improvement effort.

RESULTS OF OPERATIONS

REVENUES

Admission income increased during the three months and nine months ended May 31, 1992, as compared to the three months and nine months ended May 31, 1991, primarily as a result of increases in certain ticket prices and increases in attendance due in part to more favorable weather conditions at the Daytona events conducted during February 1992 and the Talladega events conducted during May 1992. The nine month increase in admissions income was offset in part by the timing of the Gatorade 200 held at Darlington Raceway during the 1991 Labor Day weekend. In fiscal 1991, Darlington Raceway held the Gatorade 200 on September 1, 1990 and August 31, 1991. Accordingly, a Gatorade 200 was not held in the nine months ended May 31, 1992. In addition, the increases in the nine and three month periods were offset in part by reduced March 1992 Daytona Motorcycle event revenue due to inclement weather.

Other related income increased for the nine months ended May 31, 1992, as compared to the nine months ended May 31, 1991, primarily as a result of increased merchandise sales from the new retail gift shop in Daytona, advertising fees, broadcast rights fees and increased rentals of the Company's hospitality facilities. These increases were offset in part by the nonrecurring sale of land in Daytona in the second quarter of fiscal 1991, the payment made to the Company by the lessor of the Daytona facility in the first quarter of fiscal 1991, and the Company's share of Watkins Glen International's loss, as described above. Other related income increased for the corresponding three month periods ended May 31 primarily as a result of souvenir and merchandise sales, advertising fees, concessions income, and increased rentals of the Company's hospitality facilities.

Interest income decreased during the nine months ended May 31, 1992 primarily due to lower interest rates and lower average investment balances resulting from the use of proceeds of investments to finance capital improvements and the payments on the long-term note, as discussed above.

EXPENSES

Prize and point fund monies and NASCAR sanction fees increased during the three months and nine months ended May 31, 1992 as compared to May 31, 1991 primarily as a result of increased prize monies distributed by NASCAR to participants in events. The increase for the nine month period was offset in part by the timing of the Gatorade 200, as discussed above.

Promotion, general and administrative expenses increased for the nine months ended May 31, 1992 primarily as a result of increased personnel and payroll costs, and increases in utilities, donations, and maintenance and repairs. An increase was also experienced during the corresponding three month periods ended May 31 primarily as a result of increased personnel and payroll costs, and increases in maintenance and repairs, travel costs, and credit card fees relating to increases in advance ticket sales.

Other related expenses increased during the three months and nine months ended May 31, 1992 primarily due to increased payroll and personnel costs and increased costs of merchandise sales at the Daytona retail gift shop. Other related expenses also increased during the three month period ended May 31, 1992 due to increased broadcast distribution expenses, and was offset in part by a reduction in bad debt expense.

Interest expense decreased during the three months ended May 31, 1992 as compared to the three months ended May 31, 1991 due to lower principal balances on the note payable and the decrease in the interest rate, as previously discussed. Because the debt was assumed in the second quarter of fiscal 1991, interest expense for the nine months ended May 31, 1992 was higher than May 31, 1991, despite the fact that the interest rate and average principal balance outstanding during 1992 were lower than in 1991.

Because of the seasonal concentration of racing events, the results of operations for the three months and nine months ended May 31, 1992 and May 31, 1991 are not indicative of the results to be expected for the year.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K (17 CFR 249.308)

No reports on Form 8-K were filed during the quarter for which this report is filed.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INTERNATIONAL SPEEDWAY CORPORATION
(Registrant)

Date

7/9/92

H. Lee Combs

Harry Lee Combs, CPA, Vice President
and Chief Financial Officer